

10 OCT 1949

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GENERAL

1. Possible British action on recognition of Chinese Communists--
The Department of State has informed US Embassy London that it has received from the French Embassy in Washington a purported British reply to a note from the Chinese Communist regime. The Department expresses its concern over the nature of the British note, which appears to be a step toward recognition of the Chinese Communists. Emphasizing both Italian and French concern over a possible break in the western united front on the recognition question, the Department has instructed Embassy London to inform the British of the US belief that if the British intend to do more than acknowledge receipt of the recent note from the Chinese Communists, the question might properly be one for consultation between the Governments of the US and UK.

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2. Hague Conference faces deadlock--US Representative Cochran
at The Hague reports that the Round Table Conference will be hopelessly deadlocked unless the Netherlands is soon willing to accept a realistic financial arrangement with the Indonesians. Cochran warns that if the Dutch Cabinet resigns over any aspect of the Indonesian problem, the Round Table Conference will end and the Indonesians will, if necessary, unilaterally declare their sovereignty by 1 January 1950. Cochran also believes that another "police action" would be undertaken by the Indonesians rather than by the Dutch. Cochran points out that if the Dutch desire a legal transfer of sovereignty, they should treat the Indonesians like partners, rather than bad debtors, and should not deprive them of the financial support necessary to their existence.

(CIA Comment: CIA concurs in Cochran's analysis of the consequences of a Dutch failure to compromise on the financial aspects of the Union with Indonesia but does not believe a Dutch Cabinet crisis is likely until the financial question has been more thoroughly explored.)

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NO CHANGE in Class. ☐

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A N N E X

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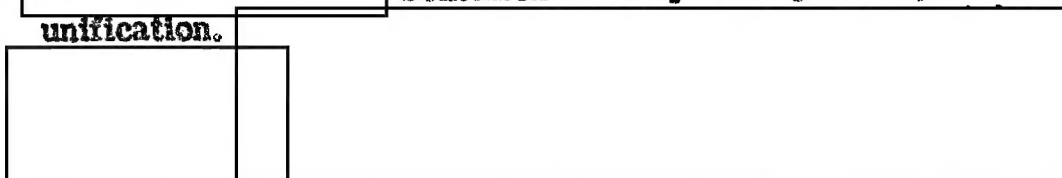
IRAQI-SYRIAN UNION



Although unification of the two countries would theoretically reduce instability in the Arab world and thus serve US-UK security interests in the area, it seems unlikely that the proposed merger can be carried through at this time without a seriously disruptive effect throughout the Near East.

[redacted] an Iraqi-Syrian Union would be faced with complicated practical obstacles which neither of the two parties appears capable of overcoming successfully. In Syria, particularly, the plan would probably meet with considerable opposition: from the army, which is shot through with factionalism as a result of the two recent coups; from young ultra-nationalists; from certain powerful Damascus political leaders, who would naturally dislike Damascus to be relegated to a subordinate position vis-a-vis Baghdad;

[redacted] Sentiment in Iraq would probably favor unification.



An attempt at Iraqi-Syrian union would also arouse grave misgivings and considerable opposition among the other Arab states. Saudi Arabia's old worries about Hashimite

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aggression would be intensified; Egypt would fear for its dominance in the Arab world; Lebanon, with its half-Christian population, would fear engulfment by the enlarged Arab state on its borders; and even Jordan would be antagonized by the plan to have Feisal II of Iraq rather than King Abdullah as head of the enlarged Hashimite state. Israel would almost certainly oppose the new development as increasing Arab military potential and might well peremptorily settle by military occupation its current boundary dispute with Syria.

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Under these circumstances, steps toward economic union would appear to offer the two Governments a less risky method of attaining their objectives and would permit more orderly progress toward greater stability in the Near East. A slow but steady strengthening of economic ties between the two countries would not only confer direct benefits upon the area but, by establishing a greater community of interests, would facilitate the eventual establishment of political union.

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